

## CENTRAL COLLECTION SERVICE NDSL (PERKINS LOANS) – LOAN REHABILITATION

*Effective July 1, 2000, the U.S. Department of Education put into affect the Perkins Loan Rehabilitation Program. This program is designed to encourage borrowers to pay their delinquent loans by offering incentives. After completing 12 consecutive monthly payments, the borrower may sign a new promissory note for the balance.*

1. The schools will continue to administer the loan rehabilitation program.
2. CCS will refer all borrowers requesting loan rehabilitation to the appropriate school.
3. The schools must notify CCS when a borrower has entered the rehabilitation program. Email (Shirley.Jimenez@state.co.us), memo or fax can be used to notify CCS.
4. Once CCS is notified, the account will be cancelled and the status will be changed to **CAN** (excluding bankruptcies). CCS will no longer maintain rehab loans as active in our database. These loans will show on the following month's open inventory report as closed accounts and on subsequent monthly closed inventory reports for the rest of the fiscal year.
5. Upon cancellation, CCS will update trade-line entries from Credit Bureaus to show the loan is no longer in collection status with CCS. Our system will automatically delete with **CAN** status. From this point, it will be the school's responsibility to place the appropriate trade-line entries.
6. In order to place a non-performing rehab loan (before the 12 month rehab period is over) with CCS for collection, the school must re-activate the account with CCS through normal procedure.
7. A loan that has been successfully rehabilitated (12 months consecutive payments completed and new promissory note issued) that goes into default may be sent to CCS for collection, but would be sent as a *new* account. Also the new promissory note must have a new loan number from the school.
8. Please contact CCS at 303-866-6560 or email to [mike.sexson@exchange.state.co.us](mailto:mike.sexson@exchange.state.co.us) if you have any questions about the above policy.